Spectrum Offers a Path to Broadband Competition

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[Op-Ed]

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Roll Call

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With the impending acquisition of the two largest long-distance phone companies by the two largest Bell operating companies, itâ€™s clear that the telecom wars surrounding the 1996 Telecommunications Act are drawing to a close. Last yearâ€™s decision by the U.S. Court of Appeals for the D.C. Circuit to remand local loop access rules back to the Federal Communications Commission, and the Bush administrationâ€™s decision not to appeal it, effectively ended the prospect of local wireline telephone competition. The mergers are regrettable, but they are just the final shovels of dirt on the efforts of Congress to engender local telephone competition in the 1996 act. As one leading telecom analyst said, â€œThis is the end of World War I â€” the Bells vs. AT&T and MCI. Now, World War II, among the phone, cable and tech companies, is about to begin.â€?

Upon completion of these acquisitions, SBC and Verizon will together control more than half of the national wireline business market. The mergers also guarantee these companies access to the large swaths of the vital Internet backbone now controlled by AT&T and MCI. While the Bells are likely to become increasingly competitive with cable companies, that industry is also highly concentrated within regional markets, and most consumers are able to choose only a single cable provider. Eventually, technologies such as broadband over power lines or satellite may offer high-speed Internet access alternatives to the cable and Bell duopoly, but these technologies are not mature and do not yet have a foothold in most markets. For the foreseeable future, most consumers will have only two wires coming into their homes, and these two wires will usually be the only reliable means of reaching the Internet and advanced telecommunications services.

However, a fortuitous development in the broadcast television industry will soon offer policymakers a unique opportunity to provide businesses and consumers additional choices for robust broadband access. In the next few years, analog television broadcast spectrum will be available for advanced communications services such as wireless broadband, and if properly managed it could create vigorous competition and new entrants in the high-speed Internet access marketplace. Itâ€™s essential for Congress and the FCC to develop policies that will encourage innovation, foster competition and promote the deployment of new services.

For nearly 20 years, policymakers, industry leaders and others have developed a strategy for moving American television broadcasts from the existing analog system to an advanced digital format. Digital television allows for better reception, greater picture quality, and additional services for viewers. To allow for this transition, the 1996 Telecommunications Act granted existing analog broadcast licensees spectrum for an additional broadcast channel to provide over-the-air digital programming.

The 1997 Balanced Budget Act established a deadline of Dec. 31, 2006, for broadcasters to relinquish their existing analog channels, but this deadline was subject to several conditions, the most important of which specifies that 85 percent of viewers in the broadcasterâ€™s market have televisions capable of receiving the digital signal. Since the 85 percent requirement has proved unworkable, the House Energy and Commerce Committee is now considering

legislation that would establish a new deadline with transitional measures to accommodate viewers that do not have digital-ready televisions.

Ensuring a smooth transition that will not disenfranchise television viewers and will treat broadcasters, cable and satellite providers fairly will undoubtedly prove to be a difficult task, but Members on both sides of the aisle are committed to achieving a swift, efficient move to digital TV. Achieving this transition will not be easy, but decades from now it will almost certainly be no more significant than the switch from black-and-white to color television.

Of far greater significance will be the manner in which we distribute the valuable 108 MHz of communications spectrum that will be relinquished by television broadcasters. This spectrum in the 700 MHz band is considered â€œbeachfrontâ€? property by telecommunications carriers because wireless signals at this frequency range pass easily through buildings, trees and other interference.

Many policymakers are understandably preoccupied with the billions of dollars that auctions of this spectrum are likely to bring into the U.S. Treasury to offset our massive budget deficits. Our nationâ€™s fiscal situation is bleak, but this doesnâ€™t mean that we should disregard the long-term implications of this extensive redistribution of public communications spectrum.

The 700 MHz band offers a historic opportunity to provide the equivalent of a â€œthird wireâ€? into the home â€” an alternative to telephone or cable broadband access. Many Americans will be able to access the Internet through unlicensed spectrum and wireless community broadband services. However, the lionâ€™s share of investment capital and innovation will likely be dedicated to services offered over licensed spectrum controlled by commercial license holders. For most businesses and many consumers, the certainty, service and reliability offered by a licensed provider will be preferable to relying on an unlicensed service.

We should be very concerned, however, that this new beachfront spectrum property doesnâ€™t become the new wing of the mega-hotels that already dominate the shoreline. If the bulk of the spectrum that becomes available is purchased by the existing cable or telephone duopolies, we will have lost a once-in-a-lifetime opportunity to create new competition and incentives for new entrants, innovation and broader service offerings.

Itâ€™s critical for Congress to establish a spectrum policy for these auctions that favor new entrants and competitive services.

We must also keep our commitment to our countryâ€™s police, fire and rescue workers and provide the 24 MHz of spectrum allocated to them as part of the digital TV transition. First responders will be able to use this spectrum to employ advanced telecommunications services and address critical interoperability and capacity issues. We should also ensure that a portion of this spectrum is reserved for public or â€œunlicensedâ€? use.

Already, thousands of government and nonprofit organizations provide Internet access through unlicensed portions of the spectrum through services such as community Wi-Fi. Reserving a meaningful portion of the 700 MHz band for services such as these will facilitate innovative services and technology, and also help advance our country toward universal

broadband access.

Nearly all of our efforts in the digital television transition thus far have been dedicated to resolving the very difficult issues necessary to move television broadcasts from analog to digital, but the transition does not end when the analog broadcast stations go dark. How we utilize the valuable resource made available by this extraordinary event will shape the telecommunications landscape for decades to come.